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MEMORANDUM

14 February 1951

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TO : The Comptroller

FROM : Finance Division

SUBJECT: Report of Audit of Confidential Funds for the Period 1 January 1948 through 30 June 1949 submitted by the Audit Division, Inspection and Security, on 5 February 1951

1. The following data are submitted regarding the procedures, policies, and accounting mechanics adopted by the Finance Division. The comments follow in the order as submitted in subject Audit Report and will refer to the paragraphs and page numbers in which each topic is discussed in the Audit Report.

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Paragraph 4, Page 9. The valuables, representing jewelry, precious stones, rings, watches, etc., carried in an inventory account called "Special Commodity Assets on Hand" did not reflect any appraised current market value at the time of the Audit Report. Accordingly, the issues evidenced by a receipt signed by  were never charged to the appropriate operation since the book value of the items so issued were far in excess of the current market value and greatly exceeded the project allocation. A great deal of correspondence was prepared in an attempt to re-value these items in accordance with a U. S. Treasury Department Custom Service Appraisal, and consideration was given to writing off the entire inventory to expense as an item of operational supply with property accountability to be maintained by the Services Division. Since the whole procedure for the proper handling of these valuables was being discussed in several other divisions of the Agency, the charge for the delivery was deferred, pending final settlement for the accountability or revaluation of these supplies. These items have been re-valued to their appraised market value and the items issued to  (who in turn delivered them to the principal of an OSO project) have been charged to the appropriate project. Accordingly, it would appear that no further action is required of the Finance Division relative to this item.

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Paragraph 3, Page 10. The delay in the reconciliation and recording of the  accounting resulted from a 4-month delay in the submission of this accounting to Washington in view of the enforced emergency evacuation of  When the Finance Division was able to reconcile and record this report, the Audit Division, I&S, began its audit as directed by the Director of CIA.

Paragraph 1, Page 11. Regarding the comments relative to the follow-up system to obtain approvals on field accounts which have been reconciled and recorded, the Finance Division, in the person of the Chief, Accounts Branch, reviews monthly the status of all outstanding field accounts recorded but not approved. Every effort is made on at least a monthly basis to obtain the

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approved accountings for permanent file or an adequate explanation as to the need for an extended retention by the Foreign Division.

Paragraph 2, Page 11. The Finance Division has in effect a continuing monthly review of each outstanding advance carried on the books to determine the extent of delinquency in settlement of advances. A report of the review made by the appropriate Certifying Officer is submitted to the Accounts Branch and summarized in a monthly report to the Director. We have enlisted the support of administrative officials of OSO and OFC who are assisting in the routine follow up of apparently delinquent accounts on a monthly basis. 25X1A



Paragraph 3, Page 12. A current reconciliation of the subsidiary records

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designation is presently being made, although, because of the pressure of other more urgent business, it is sometimes found necessary to relax this reconciliation. However, this division is confident that at any moment, the balances represented in this accrual can be supported, justified, and reconciled.

Paragraph 4, Page 12. It is not recommended that advances made to the

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Similar conditions have actually existed in the bulk of our other special deposits to cover estimated expenditures to be incurred. The sometimes excessive delay in obtaining such an accounting and refund is not felt to be a basis for writing off to expense deposits representing estimates of expenses. We have adopted the practice of charging advance payments to other Government agencies to expense when it is not anticipated that a detailed accounting will be rendered by the other Agency.

Paragraph 4, Page 13. Difficulties which the Auditor may have encountered in attempting to reconcile advances are understandable. However, such difficulties are necessarily occasioned by the tremendous volume of advances,

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transfers of accountability between advancees, accountings, refunds, etc. It is not an unsatisfactory state of the records that has caused difficulty, but rather a tremendous volume of accounts supported by many documents. The comments relative to the practice of transferring many individual accounts from one general ledger account to another was in the main occasioned by a reorganization of the general ledger accounts as recommended. It is a generally accepted accounting practice that when accounts are transferred between general ledger accounts, the net balances only are transferred, not all of the detailed debits and credits and descriptions. Further, to have transferred a sheet representing a subsidiary to one general ledger control into another subsidiary of a different general ledger control, as recommended, would cause a great deal more difficulty than has already been experienced. To illustrate: A voucher indicating a charge to a specific subsidiary would be most difficult to locate when that subsidiary ceases to exist. Careful analysis and scrutiny of an advance account will, in every instance, reveal the source and references of any balance carried forward and subsequent entries to the account. It is granted that to analyze an advance which has had continuous activity over several years will entail considerable work and research, not only because of the multiple transactions involved, but because of several administrative reorganizations requiring adjustment of the records. Every balance, every debit, and every credit to any advance account can be readily analyzed, supported, and documented. There is no simple way to record one hundred thousand journal entries a year, including many necessary adjustments, and provide complete analysis of part, or the whole, of such extensive work at a glance.

Paragraph 2. Page 14. It does not seem logical to reconstruct another subsidiary record of advances that will constitute a complete and chronological record of the activity to all advances for the past three years when such information is presently available, though reference may be necessary to one or more subsidiaries. Duplication of work when dealing in the volume presently being processed would certainly cause administrative problems of time, personnel, and effort far beyond the benefits derived. Under present competitive employment conditions, it is difficult to obtain, train and retain sufficient clerical assistance to meet current requirements.

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the funds than is presently exercised. It would still be desirable in some instances to have bulk pre-signed checks in the event both individuals were transferred or removed from immediate proximity. The account represents only a signature, and to all intents and purposes is actually cash on hand for which the Disbursing Officer assumes responsibility. The balances in these covert bank accounts are kept very low and, accordingly, do not afford any unreasonable availability to funds. Deposits are generally made as needs exist and for specific purposes so that the pre-signed checks would not represent access to but a very small balance. It is emphasized that these accounts are used sparingly and in connection with the most sensitive

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Page 16, 17, 18, and top of 19. The accrued salaries and allowances account prior to 30 June 1949 was currently giving the Finance Division some concern in view of the difficulty of current reconciliations. There was no neglect of this obligation to reconcile, but it is granted that this time-consuming task was deferred in favor of more pressing business. This situation has been so greatly improved that it is a simple process to post currently and reconcile monthly. The accruals representing compensation payable abroad of staff employees have been maintained in the Accounts Branch since June 1949 in a subsidiary ledger with a ledger sheet for each individual employee concerned. Each credit from the payroll and each debit from field station accountings are recorded therein, and a balance due to or from an employee is computed each pay period. The responsibility for the accurate maintenance of this subsidiary ledger and its balance to the general ledger control has at all times been charged to a specific accountant in the Accounts Branch. Since it was audited and balanced in 1949, a monthly verification of the reconciliation is made by the Chief, Accounts Branch. The individual differences revealed by the audit are noted and earmarked, however, much research and considerable time is required to perform the analysis necessary to effect the adjustments. Periodically, personnel have been assigned to this task, but other more urgent requirements, unfortunately, have necessitated their withdrawal. Another employee has now been assigned the task of reconciling all discrepancies to date.

Paragraph 3, Page 19. The general ledger accounts of the Finance Division provide for a control of the gross amount of retirement deductions made from employees compensation and, correspondingly, paid to the Treasury of the United States. The detail analysis of the prior years and current year deductions for each employee is maintained as a statistical analysis in the Payroll Branch. Monthly, a report of this analysis is prepared and submitted to the Fiscal Division and recorded by the latter in their overall control for the entire Agency, both vouchered and unvouchered.

Paragraph 3, Page 20. It has been the practice of the Finance Division to compute income tax deductions on the basis of compensation paid without relation to the period in which it was earned. This general principal is followed in the instructions issued by the Bureau of Internal Revenue and would apply in almost all of the cases in which the Finance Division has had to pay additional compensation within a pay period for earnings of prior pay

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periods. The rare and unusual exception is referred to in Paragraph 3 of Page 20. Where an individual receives no compensation for a period of four or five months and then receives a lump sum of some \$3,000, it should be computed on a per-month earnings basis rather than unnecessarily deducting an excessive amount of tax. However, the principal followed by the Finance Division in computing tax on the basis of compensation paid in a given pay period, is sound and would appear to follow the Internal Revenue instructions. In the case of recouping indebtedness to this Agency, it would appear that the most practical solution would be to withhold no taxes in order to apply gross compensation to the indebtedness. However, we believe that legal approval should be obtained for such action.

Paragraph 3, Page 21. Upon the receipt in the Finance Division of the memorandum from the Executive, CIA, which required the Budget Officer to determine the future handling of proceeds from sales of autos, together with instructions relative to the disposition of the net balance of the proceeds from sales over purchases on 30 June 1950, members of the Finance Division met with the Budget Officer to discuss the mechanics of the process of disposing of the net balance at 30 June 1950. It was then decided that this action should be delayed pending the receipt of our entire fiscal year 1951 appropriation, since at the time, CIA was operating on an emergency grant in lieu of an appropriation. On several subsequent occasions, the Deputy Budget Officer was queried relative to this action, since it was the desire of the Finance Division to dispose of this balance. Action has since been taken to effect this transaction and appropriate procedures have been established to govern the disposition of proceeds of sales of automobiles in the future.

Paragraph 2, Page 22: The miscellaneous receipts balance reflected at 30 June 1949 were paid into the Treasury in July 1949. It is the practice of this Division to accumulate miscellaneous receipts received during a calendar month and turn in such accumulation immediately subsequent to the end of the month.

Paragraph 2, Page 24: Our present 28-day pay period stems from monthly payment of salary established by OSS. At the inception of CIG in 1946, consideration was given to revision of the Confidential Funds payroll procedures to establish a two-week pay period coinciding with vouchered funds. After full consideration and advice by various officials, the principal CIA Executive Officer, on the Staff of the Director, determined that for reasons of economy the two-week pay period would not be established. This can now be revised if deemed appropriate and our payroll can be converted to a bi-weekly basis. However, such action would involve additional personnel and at the present time would also involve additional space. It should be noted that we do conform to the Pay Act of 1945, P. L. 106, with respect to amounts of payments, etc., and with respect to the pay periods with the exception that actual payment is made once each 28 days covering two 14-day pay periods.

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Paragraph 2, Page 27: At the time Executive Order 10000 authorized salary differential payments to all Government employees engaged at certain classified overseas posts was promulgated, no interpretative regulations were issued. The Executive Order, however, provided for the payment of post differential to employees detailed for duty at a classified post. This problem was immediately raised by the Finance Division with members of the General Counsel's office, in view of the fact that the personnel assigned to the mission were in a continuous state of reassignment, temporary duty and detail to other posts involved in this radio chain. This was necessitated by the need for continuous rotation and relief due to extremely adverse climatic conditions and extreme understaffing of each installation. The consensus was that the only criteria as to the meaning of the word "detail" was in the Foreign Service Regulations which had previously contained provision for the payment of post differentials. The Foreign Service Regulations defined detail as temporary duty at a post other than the post of assignment where the duties performed involved carrying out functions of the post to which the person is detailed. Upon investigation, it was revealed that the Foreign Service followed the practice of issuing formal detail actions, thus clearly establishing the difference between temporary duty and detail duty. In this Agency no provision had been made for such formal action. It therefore became imperative to establish some criteria which would differentiate between normal temporary duty and detail duty. Accordingly, the administrative determination was made that in most instances any temporary duty in excess of 30 days will be considered prima facie evidence of detail for the performance of duty for the temporary duty post. With regard to differential payments while on temporary duty of a duration less than 30 days to a non-differential post, including consultation in Washington, annual leave and inclusion in lump sum terminal leave payments to employees terminated at an overseas station, it was determined that this Agency would adopt as its administrative policies those set forth in Comptroller General's decisions and would not adopt the administrative policies of the Foreign Service. We believe this was a valid administrative decision. General Counsel has been requested to review the many ambiguities in various post differential regulations and advise if our regulations should be changed.

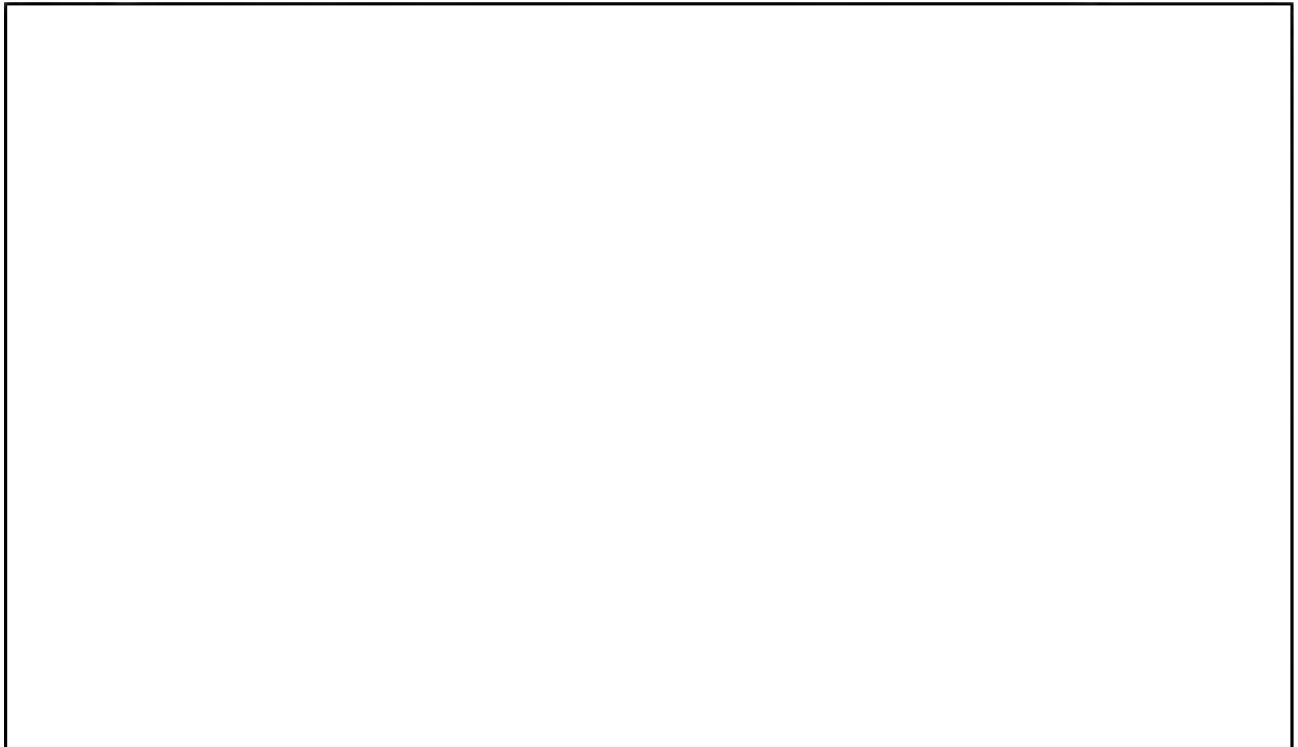
Paragraph 2, Page 31. Allowances computed and paid at field stations, evidenced by proper voucher, are not necessarily for posting on Earnings Records Cards. On the same basis travel claims, shipment of effects and other employee benefits are correspondingly not entered on Earnings Records Cards. All allowances computed and paid by Washington have been included in our compensation records since it has been our responsibility for the correctness of computations. However, in order to facilitate audit, the Finance Division has adopted the practice of posting allowances computed and paid in the field and has temporarily detailed a trainee to the Audit Division for the purpose of posting to an Earnings Record Card the field allowance payments recorded to date. It is to be noted that this work is performed not on the basis of unfinished or incompleated Finance Division work, but to make information more readily accessible.

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Paragraph 5, Page 33. Since the payment of quarters' allowance, not to exceed actual cost of quarters, was a relatively new procedure requiring statements of actual costs from employees, it was determined that maximum quarters' allowance would be paid each employee pending receipt of their claim for quarters' allowance. However, due to the newness of the requirement and other circumstances, many employees did not submit their quarters' costs promptly, thus resulting in subsequent overpayments. This situation, when apparent, was immediately corrected. This entire procedure was revised in August 1950 providing for the payment of allowances only after submission of proper documents.

25X1C Paragraph 3, Page 34. The staff employees referred to in this paragraph were individuals who were put on [redacted] rolls in 1948 prior to the

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service terminal leave, but were granted leave benefits in accordance with their CIA employment. It must be recognized that this was the beginning of a new procedure which has since been greatly improved and standardized and is not considered an example of a situation existing today.

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Paragraph 3, Page 35. The policy of this Agency relative to the terminal leave payments for staff employees terminated from the regular payroll to accept employment under contract is presently being reviewed by the Legal Staff to formulate an Agency policy which was informally agreed upon by representatives of Legal, Personnel, OSO, OPC and the Finance Division. 25X1B

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Paragraph 3, Page 37. It is felt that the employee is entitled to have

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tractual salary with this Agency, retirement deductions have been made on differential payments. It is felt there is no compromise of security since these retirement deductions are not identified by the individual's name in any report to the Civil Service Commission until such time as that employee is separated.

Pages 38, 39, 40, 41, 42, 43, 44, top of 45. These pages deal with certain general benefits, privileges, restrictions, etc., on agents' compensation, travel and operational expenses as detailed in the agent's contract. The recommendations pertaining to various provisions in these contracts are of direct interest to the Contracting Officer and may be reviewed by him in collaboration with the Audit Division, I&S. In view of the rapid expansion of covert operations, and the many different categories of agents, established as each operational problem required, it has been necessary to hand-tailor and individually process each agent contract. Further, the security require-

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ments of the covert offices were such as to limit the handling of such contracts to a minimum of Finance Division employees. This authority has been granted to the covert offices under [REDACTED]. This burden has long been recognized and many efforts have been made to both standardize agent contracts and reduce the security restrictions to enable the Finance Division to process such contracts on a proper working level in a routine manner. It is to be noted that an Ad Hoc Committee, comprised of representatives of OSO, OPC, Legal, Personnel and Finance, has been meeting regularly since September 1950 to accomplish this objective. Much progress has been made to date and we have been able to place many "agent" contracts in our Payroll Section. The few highly irregular or exceptionally sensitive contracts that will remain with the Certifying Officers will be standardized and placed on IBM for journalizing and processing after computation.

Paragraph 3, Page 46. It is believed the statements relative to porter and red cap fees on travel claims being reimbursed, are based upon misunderstanding. We have, however, recognized baggage transfer charges as reimbursable items. Fees and tips have been accepted when processing travel claims [REDACTED]

Paragraph 3, Page 50. In order to provide the Services Division with information relative to the payments made by field installations for the procurement of supplies and equipment, the accounts branch semi-annually prepares and submits a detailed report to the Procurement and Supply Division, giving all items of non-expendable supplies and accountable equipment purchased or sold by field installations.

Paragraph 3, Page 52. Finance Division auditors, who have performed audits of commercial contracts have, in every instance, analyzed the contractor's total operating costs during the period of contract work, reviewed the ratios of labor, material, and overhead for the contractor's total operation, and compared these ratios to CIA contract costs. This comparison is necessary in any audit in order to establish overhead distribution on the basis of direct labor costs. Further, there was a review and reconciliation of the contractor's profit and loss accounts and of the operating costs with the general books, which is necessary to balance and reconcile expense accounts which record costs. The Audit Reports, submitted in the narrative form, are supported by volumes of worksheets of financial data covering the contractor's operations during the period of the contract. The audits of commercial contracts have been required in numerous cost-plus-fixed fee and price revision contracts and have been performed by various members of the Finance Division in several branches. The audit of such contracts was not initially provided in CIG and was written into the contracts only after repeated insistence by the Finance Division. To meet this responsibility, there must necessarily be provision for adequate personnel. This Division was not in position, until just recently, to have auditors devoting full time to this work. The competence of those who have performed these audits as extra duty has been unquestioned and the quality of the audits has been of

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a degree beyond that reasonably expected under the conditions and circumstances with which the auditors have had to work. Generally, one or two senior accountants have had to go to the field to audit commercial corporations covering a period of one to three years. Since these accountants had full time Washington responsibilities, a limitation of three days to two weeks has been all that could be allowed for the audit, so as not to seriously jeopardize the normal operations of the Finance Division. Accordingly, it has been found necessary to spot check certain items, negligible in amounts, review internal controls, verify payments, and analyze allowability of elements of costs. Complete and detailed reconstruction of costs and verification of every entry to the corporation books have been both impossible and impracticable. It was a question of performing an acceptable minimum review in some cases, or no audit at all. All audits have been accomplished in the light of the terms of the contract applying the rules of United States Government allowability, as determined by regulations set forth in the Armed Services Procurement Regulations, which was referred to in the contracts. All final determinations of cost allowability have been made by the contracting officer. When the contractor's books of accounts have been inadequate, this condition too has been brought to the attention of the contracting officer. Presently, the former Chief of the Fiscal Division is assigned the duty of supervising the audit of commercial contracts on a full time basis. With him is a senior accountant with ten years' Air Force experience in similar commercial audits, together with clerical assistance. To perform the job satisfactorily, five additional full time employees are needed and a request has been submitted for the additional T/O.

Paragraph 3, Page 59. The documentation of reports from field installations has, to a large degree, been dictated by the covert offices, since it has been so closely tied in with the security of operations. Documentation in the form of real name receipts will vary greatly with the sensitivity of the foreign area and operation concerned. The Finance Division has had close liaison with the operations officers and has rendered assistance and guidance with a view to establishing standardization of documentation as regulations and security permit. The type of documentation should be consistent, wherever possible, regardless of the amount involved. As for receipts evidencing disbursements, some officials have felt that real name receipts are a useful tool to retain at the station; other stations cannot require receipts from certain agents, while still others forward the receipts to Washington. Operational security is recognized in the Confidential Funds Regulations, and provision is made for certificates in lieu of receipts. A standard, written audit criteria has been prepared which is being utilized in auditing all field station accountings. By this means, it is felt that, inconsistencies can be eliminated and a marked improvement in the form and content of accountings will be noted.

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been advised that unusual payments reflecting a variation of an agreement submitted to Washington is evidence of an alteration of the agreement to the extent of the payment involved, provided such payment is properly approved and funds are provided in the budget. The prime purpose for obtaining such contracts or oral agreements is to establish in Washington a record of commitments made to field agents by the field installations, in order to enable Washington to adjudicate claims made by agents at some subsequent date when no other information may be available to determine what promises may have been made to the agent during the term of employment.

Paragraph 5, Page 61. The Finance Division has followed the standard government practices of charging to expense all purchases of expendable supplies; therefore, there would appear to be no basis for carrying operational supplies as financial accountability. The responsibility for the accounting of these supplies lies with the services division as property accountability as provided for in field regulations.

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Paragraph 9, Page 62. The inadequate reconciliation existed at one station during a period when the Finance Officer was hospitalized. It is provided in our [ ] that substation's accountings will be reconciled to the principal station's books prior to acceptance and recording. Our review of field station accountings has indicated that this is currently being done as evidenced by reconciliation statements attached to the field voucher recording the substation accounting.

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Page 65 and top of 66. The case of [ ] is not representative and could not be handled in a normal manner. At the request of the Finance Division, an investigation of this account was ordered by the Director in memorandum dated 25 May 1950. With the exception of payments which were properly approved for security reasons, the Finance Division withheld all pay and reimbursement of vouchers from that date. The personnel action terminating [ ] was not received in the Finance Division until 6 September 1950. His account was immediately established on the next payroll, which was processed on 26 September 1950, the proceeds being applied to partial liquidation of his indebtedness. Notice from the Civil Service Commission that his retirement funds have been withheld by the Government, as requested, has been received. In this connection there is a normal delay in processing the retirement forms to Civil Service Commission; however, it should be noted that the interests of the Agency were properly protected by retention of Civil Service Commission Form #2806 (the basis for refund to an employee) until the request for diverting such funds to Government accounts could be submitted simultaneously. Although the matter of withholding taxes was mentioned in the report of investigation (not available to the [ ]

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[ ] by direction), there is no evidence in our files that the Legal Staff approved the application of withholding taxes toward liquidation of indebtedness. It was at the insistence of the Finance Division that further payments were not made to [ ] and that he was charged with the maximum amount even though it was known that the full amount of debt may never be collected. The action taken by the Finance Division in this case was entirely in the interest of the Government which was at no time jeopardized by the delay in submission of forms.

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Paragraph 2, Page 67. Through the use of new cash and general journals, there has been a reduction of bookkeeping entries. However, we regret that the reduction is offset by additional analytical work in the reconciliation of Agent Cashier accounts necessary in the preparation of reimbursement vouchers for submission to the Treasury. The system in effect more nearly conforms to generally accepted accounting practices and it is only because of the unusual requirements of this Agency that additional work is required.

Paragraph 3, Page 67. It is the opinion of this Division, after consultation with various business machine experts, our own accountants and others who have had extensive experience with business machines, that IBM is not the preferable machine for our bookkeeping. Additional posting media for each of more than 100,000 journal entries annually apparently would be required. Further, it has been found to be of utmost importance to have daily and hourly a current cumulative record of both expenses and advances physically available for reference and review. The demands for information and statistics are not confined to monthly reports. Current operational reviews and administrative control are closely tied in to financial records. It is felt that the National Cash Register accounting machine is the best machine for our purposes. It is to be noted that this Division has, on several occasions in past year, recommended mechanized bookkeeping. It is recommended that favorable consideration be given to our suggestion not only as the most economical, but the most practical under the circumstances.

Paragraph 5, Page 67. A comprehensive study has been made by members of the Finance Division who have been charged with the responsibility of reviewing field reporting systems, accounting forms and supporting documents with a view toward standardization of these items at all stations and to improve the procedures presently in effect. The Class B stations submit a monthly financial report which itemizes an abstract of the expenditures by individual items which serves the necessary purpose. The Class A stations which have submitted summaries of disbursements will be advised to submit, in addition to their present reports, a journal transcript of individual expenditures to enable this Division to adequately perform its pre-audit.

Paragraph 6, Page 67. This Division heartily agrees with the recommendation of the Audit Division to reduce the number of project accounts presently being maintained. To this end we have requested officials of OSO and OPC to consider the matter. These accounts are established as approved projects by the covert offices and any action to eliminate or reduce the number of projects must necessarily originate from the covert offices.

2. The books of account maintained by the Finance Division were recommended by the Audit Division, I&S, and have been operated in strict compliance with their procedures. Every change has been coordinated with Audit Division, I&S, and implemented to their apparent satisfaction. Each month the accounts are balanced and reports rendered without any unaccounted for differences. The procedure of voucher preparation, posting and balancing in the Accounts Branch, is controlled to the extent that complete reliance can be placed upon

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the reports so rendered. Adjustments between accounts and correction entries are numerous and generally result from unusual and extraordinary operational demands. Numerous reorganizations, allotment changes, project identification, administrative instructions from OSO and OPC amending object classifications in operations and accounts chargeable, transfers of funds through many accountable officials and installations, are a few of the many reasons that a volume of correction or adjustment entries must necessarily be made. It is desirable that our records reflect at all times the accountable individual or installation who has physical custody and responsibility for funds, and each time funds are physically transferred between such individuals and installations a voucher must be prepared reflecting such transfers of accountability. In view of the tremendous volume of vouchers and journal entries, together with the unusual nature of the transactions for which no precedent has been established, it is reasonable that many such adjustments will necessarily occur. However, this Division can support by authorized, approved documentation in its records, adequate justification and evidence of the necessity for each adjustment or correction recorded on the books. Realization of the volume of work processed will better reveal the size and scope of the increased work load. During the calendar year 1950 approximately 18,000 vouchers covering 100,000 journal entries to more than 6,000 accounts were processed, together with the issuance of approximately 24,000 checks. It is our estimate that over 95% of the adjustments processed and recorded result from requests or demands upon the Finance Division to more accurately or clearly reflect statistics required by operations and administrative offices.

3. There are many improvements in controls, procedures, internal audits and reviews that have been implemented recently, and plans are presently being made for additional improvements as facilities will permit. Notably these are:

- (a) The payroll has been mechanized by utilizing the IBM facilities available in the Agency.
- (b) There has been a routinization of agent payrolls previously handled on a tailor-made individual case basis by standardization of procedure for computation, recording and payment. The present plans are to follow this by including agent payrolls on IBM.
- (c) To the extent practicable, individual memoranda have been reduced and standardized on printed forms.
- (d) A written audit criteria has been published and followed with a centralized review, analysis, and audit of all accountings with a view toward standardization of accountings and supporting documentation.
- (e) The audits of all travel accounts have been centralized in a unit which has improved greatly the presentation of travel claims.

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- (f) There has recently been established a unit charged with the responsibility of full time audit and technical advice for commercial contracts (procurement and Research and Development contracts).
- (g) Certifying Officers have been designated at large field stations which will greatly assist the Finance Division in the controls and audits exercised over the bulk of the expenditures incurred in the field.

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Acting Chief, Finance Division

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